

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-07 IO-11 ISO-00 SSO-00 NSCE-00

INRE-00 USIE-00 SP-02 AID-05 NSC-05 CIEP-01 TRSE-00

SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 L-03 H-02

PA-01 PRS-01 AGR-05 NEA-10 OIC-02 AF-06 ARA-06 /128 W
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O R 071718Z JAN 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 5491

INFO AMEMBASSY BERN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY LONDON

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

AMEMBASSY VIENNA

AMEMBASSY WELLINGTON

USMISSION USUN NEW YORK

LIMITED OFFICIAL USE SECTION 01 OF 02 BONN 00248

E.O. 11652: N/A

TAGS: EFIN

SUBJ: INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
(IFAD)

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REF: STATE 300294

1. SUMMARY: FRG ECONOMIC COOPERATION MINISTRY IS SEEKING INTER-MINISTERIAL SUPPORT FOR POSITIONS TO WHICH FRG AGREED AD REFERENDUM IN ROME. AGREEMENTS ON WEIGHTED VOTING AND MAJORITY VOTING PROCEDURES ARE KEY ISSUES FOR FRG. ACTION REQUESTED: US VIEWS ON INSTITUTION TO MONITOR IFAD DIRECT LENDING. SEE PARA 8. END SUMMARY.

2. WE DISCUSSED GROUP A CONSENSUS JANUARY 6 WITH DR. GREIFF, WHO HEADS OFFICE FOR WORLD FOOD AFFAIRS IN MINISTRY FOR ECONOMIC COOPERATION, AND WITH HIS NEW ASSISTANT, WILL, WHO WILL HENCEFORTH NORMALLY REPRESENT FRG AT INTERNATIONAL DISCUSSIONS ON IFAD. THIS DISCUSSION WAS TIMELY, SINCE FRG INTER-MINISTERIAL MEETING IS BEING HELD JANUARY 7 TO REVIEW FRG POSITIONS IN LIGHT OF OCTOBER MEETING IN ROME AND IN PREPARATION OF EC CONSULTATIONS, WHICH GREIFF BELIEVES WILL NOW BE HELD IN BRUSSELS ON JANUARY 12. GREIFF BELIEVES THAT OTHER MINISTRIES WILL AGREE TO SUPPORT VARIOUS POINTS OF THE GROUP A CONSENSUS WHICH FRG WAS ABLE TO AGREE ONLY ON AN AD REFERENDUM BASIS IN ROME. HE PROMISED IN ANY CASE TO LET US KNOW THE OUTCOME OF THESE INTER-MINISTERIAL TALKS. WE POINTED OUT THE IMPORTANCE OF HAVING FULL GERMAN SUPPORT FOR GROUP A CONSENSUS POSITION, AND URGED GREIFF TO DO ALL HE COULD TO OBTAIN AGREEMENT FROM OTHER MINISTRIES.

3. VOTING PROCEDURES. FRG AGREES THAT THE AGREEMENT ON WEIGHTED VOTING IS OF FUNDAMENTAL IMPORTANCE. FRG HAD WANTED A 2/3 MAJORITY RULE APPLIED IN GENERAL TO VOTING IN THE GOVERNING COUNCIL AND THE EXECUTIVE BOARD. GREIFF BELIEVES THAT FRG WILL BE ABLE TO ACCEPT CONSENSUS CONCERNING SIMPLE MAJORITY IN GOVERNING COUNCIL AND THREE-FIFTHS MAJORITY IN EXECUTIVE BOARD, BUT HE STRESSED THAT IN SUCH CASES LIMITED OFFICIAL USE

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IT WOULD BE ESSENTIAL TO MAINTAIN AGREEMENT ON LIST OF EXCEPTIONS FOR WHICH LARGER MAJORITIES WOULD BE REQUIRED.

4. DIRECT LENDING. GERMAN AGREEMENT ON A LIMITED EXCEPTION FOR DIRECT LENDING IS DEFINITELY CONTINGENT UPON APPROVAL OF WEIGHTED VOTING SYSTEM FOR GROUP A COUNTRIES AND THREE-FOURTHS MAJORITY RULE FOR

EXECUTIVE BOARD APPROVAL OF DIRECT LENDING PROJECTS. FRG FURTHER WANTS TO RESTRICT DIRECT LENDING TO ONLY THOSE COUNTRIES SUCH AS CUBA WHICH ARE NOT MEMBERS OF WORLD BANK GROUP OR REGIONAL BANKS. IF AGREEMENT IS REALLY NAILED DOWN ON VOTING PROCEDURES, GREIFF BELIEVES FRG MAY BE PERSUADED TO YIELD SOMEWHAT ON LIMITATIONS ON RECIPIENT COUNTRIES, BUT HE FEARS THAT TO DO SO WILL OPEN DOOR OVER TIME TO MUCH MORE EXTENSIVE DIRECT LENDING OPERATIONS.

5. MONITORING SYSTEM. GREIFF WOULD LIKE TO HAVE US VIEWS CONCERNING THIRD-PARTY MONITORING INSTITUTION. IF DIRECT LENDING BY IFAD IS LIMITED TO THOSE COUNTRIES WHICH ARE NOT MEMBERS OF ESTABLISHED IFIS, THE IFIS BY DEFINITION WOULD NOT BE IN A POSITION TO MONITOR IFAD PROGRAMS. IT WOULD BE POSSIBLE TO GIVE FAO THIS MANDATE, BUT FAO HAS HAD NO EXPERIENCE WITH CAPITAL

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ASSISTANCE PROJECTS AND WOULD THEREFORE HAVE TO BUILD
UP ITS OWN STAFF AND EXPERTISE IN THIS AREA. SUCH
BUREAUCRATIC GROWTH IS PRECISELY WHAT OECD COUNTRIES
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ARE TRYING TO AVOID. FOR LACK OF OTHER FEASIBLE
ALTERNATIVES, GREIFF IS NOW INCLINED TO FAVOR BELGIAN
PROPOSAL THAT MONITORING BE DIRECTLY PERFORMED WITHIN
IFAD BUT THAT DIRECT LENDING BE LIMITED TO FIVE
PERCENT OF TOTAL PROGRAMS. GREIFF BELIEVES THIS
ISSUE WILL HAVE TO BE DISCUSSED AT NEXT MEETING OF
OECD COUNTRIES IN PARIS.

6. TARGET. GREIFF NOTED THAT FRG CONTRIBUTION IS
CONTINGENT UPON SDR 1 BILLION TARGET, AND THAT THIS
CONTRIBUTION WOULD HAVE TO BE REDUCED IN
PROPORTION IF TOTAL CONTRIBUTIONS FALL BELOW SDR 1
BILLION.

7. GREIFF HAS JUST RECEIVED DRAFT RESOLUTION ON
ESTABLISHMENT OF PREPARATORY COMMISSION FOR IFAD. HIS
PRELIMINARY VIEW IS THAT THIS RESOLUTION WOULD GIVE
THE PREPARATORY COMMISSION FAR TOO BROAD A MANDATE,
AND THAT THE OECD COUNTRIES WILL HAVE TO FOCUS THEIR
ATTENTION ON THIS DOCUMENT AT THEIR PARIS MEETING.

8. ACTION REQUESTED: WE TOLD GREIFF WE WOULD TRY
TO GET A QUICK READING CONCERNING WASHINGTON VIEWS
ON MONITORING AGENCY. IF DEPARTMENT HAS DEVELOPED A
POSITION, IT WOULD BE PARTICULARLY USEFUL TO CONVEY
THIS TO FRG AND PERHAPS OTHER EC MEMBERS PRIOR TO
TENTATIVE JANUARY 12 EC MEETING ON IFAD.
HILLENBRAND

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